

Message Text

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ACTION PM-05

INFO OCT-01 EA-10 ISO-00 SS-15 SP-02 NSC-05 L-03 HA-05
MCE-00 CIAE-00 INR-10 NSAE-00 ACDA-12 EB-08 OMB-01
TRSE-00 /077 W
-----007505 080204Z /64

R 071053Z SEP 78
FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC 8879
INFO SECDEF WASHDC
CINCPAC HONOLULU HI

S E C R E T SECTION 01 OF 02 TAIPEI 06007

CINCPAC FOR POLAD

E.O.11652: GDS
TAGS : MASS, TW
SUBJECT : REQUEST APPROVAL FOR REPUBLIC OF CHINA TO
COPRODUCE ADDITIONAL FORTY EIGHT F-5E/F
AIRCRAFT AND FIFTY ADVANCED F-5 AIRCRAFT

REFS : (A) 77 STATE 207984, (B) CINCPAC 092020Z
JULY 77 (NOTAL)

1. THE CHIEF OF THE GENERAL STAFF, MINISTRY OF NATIONAL DEFENSE, REPUBLIC OF CHINA, REQUESTED IN AUGUST, 1978, APPROVAL TO COPRODUCE AN ADDITIONAL FORTY EIGHT F-5E/F AIRCRAFT (42 F5E'S AND 6 F-5'S) WITH AN OPTION TO LATER COPRODUCE FIFTY ADVANCED F-5 AIRCRAFT. WE UNDERSTAND ADVANCED F-5'S ARE NOW IN DESIGN STAGE AT NORTHROP CORPORATION.
2. COPRODUCTION SCHEDULE FOR F-5 AIRCRAFT UNDER PEACE TIGER PROGRAMS I AND IV PLUS ADDITION 98 AIRCRAFT, IF APPROVED, IS AS FOLLOWS:

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DATE	NUMBER PRODUCED (CUMULATIVE)
JAN 73 - AUG 78	127
DEC 78	135
DEC 79	158

NOV 80	180
DEC 80	183
MAY 81	198
JUNE 81	200 (END OF PEACE TIGER PROGRAMS)
JUNE 83	248
JULY 85	298

3. FOLLOWING ARE EMBASSY VIEWS ON THIS ROC REQUEST AS REQUIRED BY REF A, PARAGRAPH 5E:

- A. NEED FOR ARTICLES: ROC DESIRES 48 F-5E/F'S (CONFIGURATION CPO 5000/0000) TO COVER F-5 AIRCRAFT ATTRITION AND TO INSURE FULL COMBAT CAPABILITIES TO MAINTAIN 9 SQUADRONS F-5E/F'S IN FUTURE YEARS. EACH SQUADRON IS AUTHORIZED 16 F-5E'S AND 3 F-5F'S FOR TOTAL OF 171. FIVE OF THE ROC'S F-5'S HAVE ALREADY CRASHED. (WE UNDERSTAND THAT WORLD-WIDE F-5E/F LOSS RATE IS 7.3 PER 100,000 FLYING HOURS AND UNDERSTAND ROCAF PLANS ARE TO FLY AVERAGE 23 HOURS PER MONTH
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PER F-5E AND 30 HOURS PER MONTH PER F-5F.) FIFTY ADVANCED F-5'S ARE NEEDED TO BEGIN FILLING ROCAF'S REQUIREMENT FOR 6 SQUADRONS (120 AIRCRAFT) OF HIGHLY ADVANCED FIGHTERS BY EARLY 1980'S. (THIS WOULD MEAN THAT IN EARLY 1980'S THERE WOULD BE 6 ADVANCED SQUADRONS AND 9 REGULAR SQUADRONS FOR A TOTAL OF 15 SQUADRONS.) ACQUISITION OF 120 ADVANCED FIGHTERS (6 SQUADRONS) IS SUPPORTED IN FY 81 TO 88 JSOP. IN EVENT OF ENEMY ATTACK, FIRST PRIORITY FOR FIGHTERS WOULD BE DEFENSE OF TAIWAN BY ATTEMPTING TO ACQUIRE SUPERIORITY OVER TAIWAN STRAIT. PRIMARY MISSION OF ROCAF FIGHTERS DURING FIRST DAYS OF HOSTILITIES WOULD BE AIR-TO-AIR COMBAT INCLUDING DESTRUCTION OF INVADING BOMBER OR TRANSPORT TYPE AIRCRAFT.

- B. IMPACT OF SALE ON NEIGHBORING COUNTRIES. PURCHASE OF THESE DEFENSIVE AIRCRAFT WOULD POSE NO THREAT TO NEIGHBORING COUNTRIES.

- C. MAINTENANCE. FOR THE 48 F-5E/F'S, PRESENT ON-BOARD GENERAL ELECTRIC AND NORTHROP REPRESENTATIVES WOULD BE UTILIZED. U.S. TRAINING SUPPORT MAY BE

REQUIRED FOR THE FIFTY ADVANCED F-5 AIRCRAFT. IN-COUNTRY CONTRACTOR SUPPORT WOULD BE NECESSARY. FULL RANGE OF TRAINING AND CONTRACTOR SUPPORT CANNOT BE COMPLETELY DEFINED AT THIS STAGE OF PROGRAMMING.

- D. FINANCING. ROC FUNDS TO BE USED.

- E. IMPACT ON ROC ECONOMY. ROC ECONOMY IS SUFFICIENTLY HEALTHY TO ABSORB THE PURCHASE OF THESE NINETY-EIGHT AIRCRAFT. WE DO NOT EXPECT THAT THIS PURCHASE WILL RESULT IN ANY ADVERSE IMPACT ON THE ROC'S DEBT SERVICE CAPABILITY OR DEVELOPMENT PLANS. THE DEBT SERVICE RATION IS IN THE SIX TO SEVEN PERCENT RANGE - VERY GOOD REGIONAL STANDARDS. AT PRESENT TIME,
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ROC IS SPENDING IN EXCESS OF TWO HUNDRED MILLION DOLLARS IN U.S. MARKET FOR ARMS. IN ADDITION, IT IS SERVICING THE DEBT INCURRED FROM PREVIOUS CREDIT SALES. THE ROC'S RECORD TO DATE HAS BEEN GOOD. WITH CURRENT ECONOMIC SITUATION, FMS CREDITS WILL BE PHASED OUT IN FY 80. MILITARY IMPROVEMENTS WILL HAVE TO BE FINANCED THROUGH CASH SALES. ROC IS CAPABLE OF HANDLING THIS PROCUREMENT AS A CASH TRANSACTION IF PURCHASED OVER A SEVERAL YEAR PERIOD.

- F. RELATIONSHIP TO ARMS TRANSFER POLICY. PROPOSED

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TRSE-00 /077 W

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ACQUISITION OF THIS WEAPON WOULD HELP THE ROC PRESERVE A CREDIBLE DETERRENT, AVOID ACTIONS PROVOCATIVE TOWARD THE PRC, AND MAINTAIN CONFIDENCE ON THE PART OF THE ROC LEADERS IN TAIWAN'S ABILITY TO ADJUST TO US-PRC NORMALIZATION. THE ROC MUST DEPEND UPON ADVANCED AIR DEFENSE WEAPONRY TO OFFSET QUANTITATIVE AIRCRAFT ADVANTAGES OF PRC AND TO MAINTAIN REGIONAL BALANCE.

- G. HUMAN RIGHTS ASPECTS. THIS PURCHASE WILL HAVE NO EFFECT ON THE HUMAN RIGHTS SITUATION IN TAIWAN.

- H. RECOMMENDATION: EMBASSY RECOMMENDS APPROVAL OF ROC REQUEST TO COPRODUCE AN ADDITIONAL FORTY EIGHT F-5E/F AIRCRAFT WITH AN OPTION LATER TO COPRODUCE FIFTY ADVANCED F-5'S. WE UNDERSTAND DECISION SHOULD BE MADE AS QUICKLY AS POSSIBLE. PEACE TIGER IV COPRODUCTION SCHEDULED TO BE COMPLETED JUNE 1981. IN ORDER FOR ROC TO RETAIN COPRODUCTION SKILLED LABOR AND PROFICIENCY AND TO PREVENT A PRODUCTION BREAK, COPRODUCTION OF 48 F-5E/F'S MUST COMMENCE JULY 1981 (2 PER MONTH) AND COPRODUCTION OF 50

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ADVANCED F-5'S MUST COMMENCE JULY 1983. IF USG APPROVES REQUEST FOR 48 F-5E/F'S, PROCUREMENT OF LONG LEAD TIME GOVERNMENT FURNISHED AERONAUTICAL EQUIPMENT (GFAE - E.G. RADIOS FOR WHICH CONTRACTS MUST BE LET WITH PRIVATE COMPANIES) FOR AIRCRAFT PRODUCTION COULD BE A PROBLEM UNLESS ACTION INITIATED SOON TO OBTAIN GFAE. ACTION AND TIMING REQUIRED FOR PROCUREMENT OF GFAE FOR 48 F-5E/F'S IS SAME AS THAT REQUIRED FOR PEACE TIGER IV AIRCRAFT. IN CASE OF THE PEACE TIGER IV AIRCRAFT, A SEPARATE LOA FOR PROCUREMENT OF LONG LEAD GFAE WAS NEEDED; A SEPARATE LOA WILL SIMILARLY BE NEEDED FOR THE 48 F-5E/F'S.

4. FOR CINCPAC: PLEASE TRANSMIT COPY OF REF B TO DEPARTMENT OF STATE. UNGER

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Message Attributes

Automatic Decaptioning: X
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Draft Date: 07 sep 1978
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Disposition Approved on Date:
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Secure: OPEN
Status: NATIVE
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TAGS: MASS, TW, NORTHROP CORP
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